United States Environmental Protection Agency Criminal Investigation Division

SAC ASAC

Case Number Investigative Activity Report 0506-0026 Case Title: **Reporting Office:** Ferguson Enterprises Inc. Detroit, MI, Resident Office Subject of Report: **Activity Date:** Interview of Contracts & Grants, DWSD. February 5, 2010 **Approving Official and Date:** Reporting Official and Date: 23-FEB-2010, Approved by: 10-FEB-2010, Signed by: RAC SYNOPSIS 02/05/2010 - U.S. EPA CID Special Agent (SA) and FBI SA Detroit Water & Sewerage Department (DWSD) Contracts and Grants, regarding the contract DWSD 884A Security Upgrades which was awarded to DFT. **DETAILS** On February 4th and 5th, 2010, U.S. EPA CID Special Agent (SA) and FBI SA interviewed Detroit Water & Sewerage Department (DWSD) Contracts and Grants, regarding the contract DWSD 884A Security Upgrades which was awarded to DFT. After being informed of the identity of the interviewing agents and the purpose of the provided the following information: interview, ; SSN: DOB: residence cellular telephone: has had this city issued has worked for the City of Detroit for approximately 25 cellular phone number since 1999. years, the past 20 of which have been with the DWSD. Contract 844A was overseen by and was eventually awarded to DFT although Motor City Electric (MCE) won the evaluation process three times. explained that MCE and the DWSD could not come to a negotiated agreement and this is why it was awarded to DFT. asked if one of the issues being negotiated was regarding the utilities which needed to be installed by a third party. explained that an optical line was to be installed at the sites learned from the DWSD staff that AT&T would be delayed in their installations and the security equipment installations would not be finished on time. The DWSD did not want to incur change orders from the winning bidder due to this delay and asked MCE to guarantee that they would not file any. MCE's position was that they would incur additional costs due to the delay and wanted an extra \$147,000 and six months extension to their deadline. DWSD agreed to this but wanted a guarantee that there would be no additional costs over the \$147,000. MCE said they could incur additional costs which could result in change orders. only makes recommendations to the DWSD Director, and stated that cannot make decisions, only suggestions based on the issues at hand.

After DWSD negotiated with both DFT and MCE the two bids "basically ended up at the same amount." Then the DWSD engineering staff decided to eliminate certain items from the contract which resulted in DFT having a lower bid amount and the contract was awarded to them.

> This document contains neither recommendations nor conclusions of the EPA. It is the property of the EPA and is loaned to your agency; it and its contents are not to be distributed outside your agency.

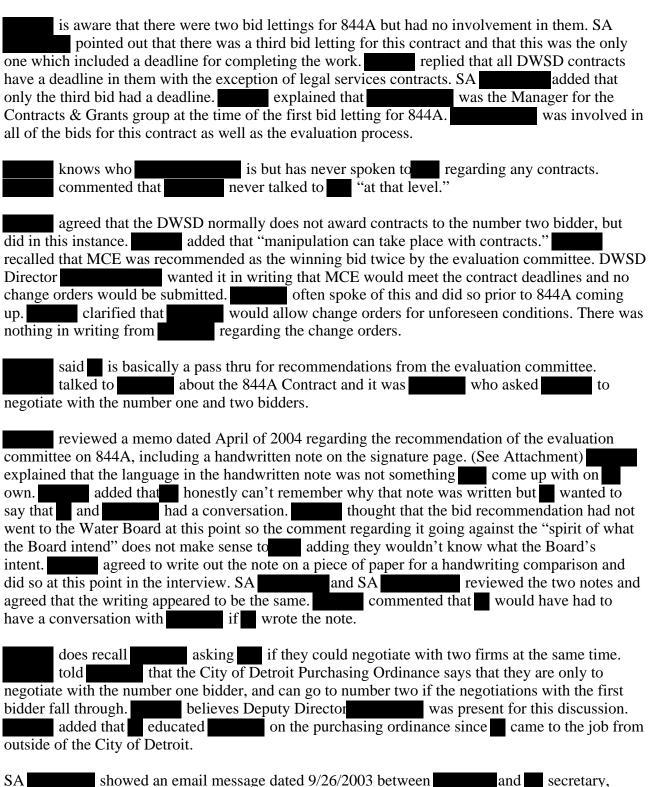
OCEFT Form 3-01 (01/10) **Page** 1 of 5

United States Environmental Protection Agency Criminal Investigation Division Investigative Activity Report

Case Number

0506-0026

of DCI, a partner in the DFT joint venture, signed a letter agreeing not to submit any change orders for the contract.



This document contains neither recommendations nor conclusions of the EPA.

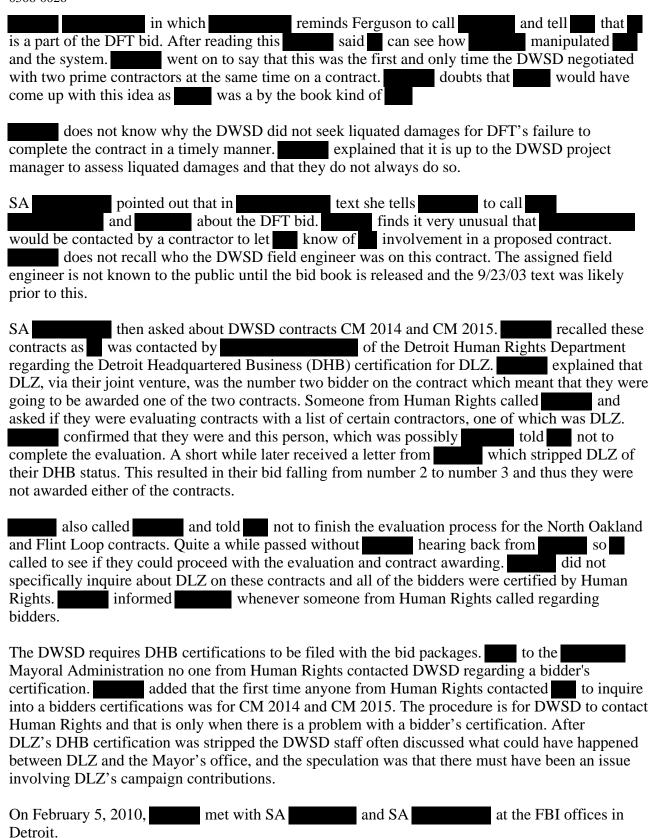
It is the property of the EPA and is loaned to your agency;
it and its contents are not to be distributed outside your agency.

OCEFT Form 3-01 (01/10) Page 2 of 5

United States Environmental Protection Agency Criminal Investigation Division Investigative Activity Report

Case Number

0506-0026



This document contains neither recommendations nor conclusions of the EPA.

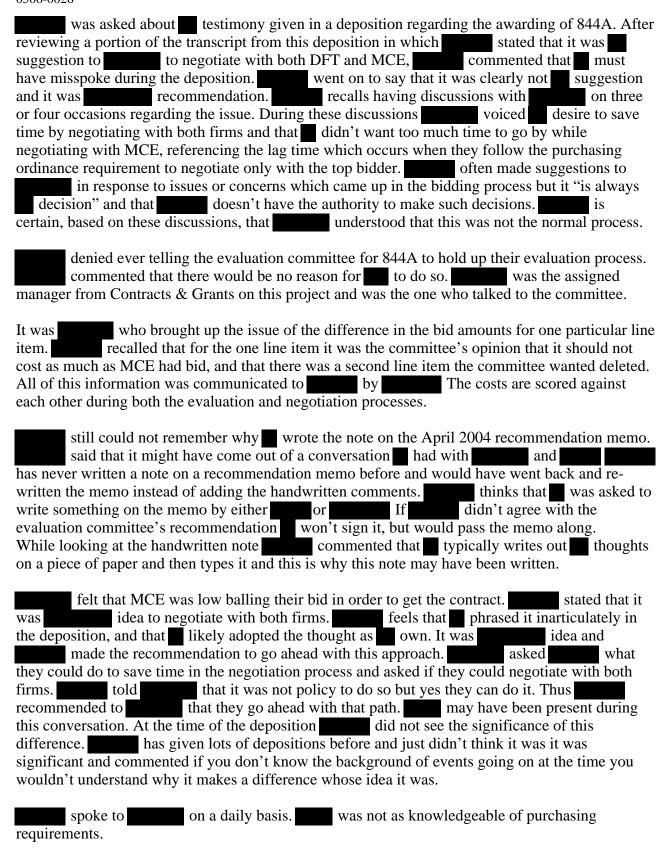
It is the property of the EPA and is loaned to your agency;
it and its contents are not to be distributed outside your agency.

OCEFT Form 3-01 (01/10) Page 3 of 5

United States Environmental Protection Agency Criminal Investigation Division Investigative Activity Report

Case Number

0506-0026



This document contains neither recommendations nor conclusions of the EPA.

It is the property of the EPA and is loaned to your agency;
it and its contents are not to be distributed outside your agency.

OCEFT Form 3-01 (01/10) Page 4 of 5

United States Environmental Protection Agency Criminal Investigation Division Investigative Activity Report

Case Number

0506-0026

0300-0020				
provided the age	ents with copies of letter	rs sent to	by rega	arding DLZ's DHB
status. (See Attachment)	was also serve	d with a gran	d ju ry subp oena	at this time.
Approximately an hour a	fter the interview concl	uded	contacted SA	on cell
phone, while SA			that	had been reviewing
file and recalled that	the bid package had we	nt to the Wate	er Board prior to	the bid's issuance
so the comment in the ha	ndwritten note on the A	pril 2004 me	mo could have	been correct.

ATTACHMENT

Human Rights Letters DLZ

OCEFT Form 3-01 (01/10) Page 5 of 5